
By: **Delegates Minnick and Trueschler**
Introduced and read first time: February 13, 2004
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance Policyholder Bill of Rights**

3 FOR the purpose of requiring certain insurers to provide certain policyholders with
4 certain written statements that summarize certain coverages and exclusions;
5 requiring the statement to be sufficiently clear so that an individual of average
6 intelligence can identify the coverages and exclusions without further inquiry;
7 describing the information that must be included in the statement; requiring
8 certain insurers to promptly notify certain claimants of certain information;
9 prohibiting an insurer from requiring that certain claimants be present for more
10 than a certain number of visits from certain adjusters or claims representatives;
11 requiring that certain offers be in writing; requiring the Insurance
12 Commissioner to adopt certain regulations; providing that the regulations
13 include certain information and procedures; providing for the application of this
14 Act; defining a certain term; and generally relating to the Homeowner's
15 Insurance Policyholder Bill of Rights.

16 BY adding to
17 Article - Insurance
18 Section 19-204
19 Annotated Code of Maryland
20 (2002 Replacement Volume and 2003 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article - Insurance**

24 19-204.

25 (A) IN THIS SECTION, "INSURER" MEANS AN INSURER THAT ISSUES OR
26 DELIVERS A POLICY OF HOMEOWNER'S INSURANCE IN THE STATE.

27 (B) (1) AN INSURER SHALL PROVIDE A POLICYHOLDER WITH A STATEMENT
28 THAT SUMMARIZES THE COVERAGES AND EXCLUSIONS UNDER THE POLICY.

1 (2) THE INSURER'S STATEMENT MUST BE SUFFICIENTLY CLEAR SO
2 THAT AN INDIVIDUAL OF AVERAGE INTELLIGENCE CAN IDENTIFY THE COVERAGES
3 AND EXCLUSIONS UNDER THE POLICY WITHOUT MAKING FURTHER INQUIRY.

4 (3) THE INSURER'S STATEMENT SHALL STATE WHETHER THE
5 COVERAGES UNDER THE POLICY PROVIDE FOR REPLACEMENT VALUE OR ACTUAL
6 CASH VALUE.

7 (4) THE INSURER'S STATEMENT SHALL BE PART OF THE POLICY.

8 (C) (1) AN INSURER SHALL PROMPTLY NOTIFY THE POLICYHOLDER IN
9 WRITING OF THE NAME AND CONTACT INFORMATION OF THE ADJUSTER ASSIGNED
10 TO ASSESS DAMAGES FOR A LOSS CLAIMED UNDER A POLICY OF HOMEOWNER'S
11 INSURANCE.

12 (2) IF THE DAMAGES REQUIRE THE POLICYHOLDER TO VACATE THE
13 INSURED PREMISES, THE INSURER SHALL SEND THE INFORMATION REQUIRED
14 UNDER PARAGRAPH (1) OF THIS SUBSECTION TO THE ADDRESS DESIGNATED BY THE
15 POLICYHOLDER.

16 (D) AN INSURER MAY NOT REQUIRE A POLICYHOLDER TO BE PRESENT FOR
17 MORE THAN TWO VISITS BY AN ADJUSTER OR OTHER CLAIMS REPRESENTATIVE TO
18 ASSESS DAMAGE FOR A LOSS CLAIMED UNDER A POLICY OF HOMEOWNER'S
19 INSURANCE.

20 (E) AN OFFER TO SETTLE A CLAIM UNDER A POLICY OF HOMEOWNER'S
21 INSURANCE SHALL BE IN WRITING.

22 (F) (1) THE COMMISSIONER SHALL ADOPT REGULATIONS THAT PROVIDE
23 FOR HOMEOWNER'S INSURANCE POLICY CLAIMS ESTIMATING PROCEDURES.

24 (2) THE REGULATIONS SHALL:

25 (I) PRESCRIBE THE QUALIFICATIONS OF AN INDIVIDUAL
26 AUTHORIZED TO PREPARE A DAMAGE ESTIMATE;

27 (II) PRESCRIBE THE AMOUNT OF DETAIL THAT MUST BE INCLUDED
28 IN A DAMAGE ESTIMATE;

29 (III) ESTABLISH PROCEDURES FOR THE PROMPT RESOLUTION OF
30 DISCREPANCIES BETWEEN DAMAGE ESTIMATES;

31 (IV) INCLUDE PROCEDURES THAT ALLOW FOR THE ESCALATION OF
32 DAMAGE ESTIMATES IN COMMUNITIES WHERE THERE IS WIDESPREAD DAMAGE;

33 (V) PROVIDE THAT BEFORE AN INSURER HAS COMPLETED THE
34 INSPECTION OF AN INSURED PREMISES AND PROVIDED A WRITTEN NOTICE TO THE
35 POLICYHOLDER TO COMMENCE MITIGATION, THE INSURER MAY NOT REQUIRE A
36 POLICYHOLDER TO MITIGATE DAMAGES BY REMOVING DAMAGED CONTENTS OR
37 DEMOLISHING THE INSURED PREMISES;

1 (VI) PROHIBIT AN INSURER FROM REQUIRING A POLICYHOLDER TO
2 ENGAGE IN DEMOLITION ACTIVITIES THAT ARE:

- 3 1. CUSTOMARILY PERFORMED BY A CONTRACTOR; OR
4 2. BEYOND THE PHYSICAL CAPACITY OF THE
5 POLICYHOLDER; AND

6 (VII) INCLUDE ANY OTHER PROVISION THAT THE COMMISSIONER
7 DETERMINES TO BE NECESSARY TO ENSURE THE PROMPT AND FAIR RESOLUTION OF
8 A CLAIM UNDER A POLICY OF HOMEOWNER'S INSURANCE.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
10 personal lines property and casualty insurance policies and contracts issued,
11 delivered, or renewed on or after October 1, 2004.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2004.